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MEMORANDUM FOR: Director of Personnel

SUBJECT: Agency Retirement Legislation - H.R. 8427

1. The State Department has now gone forward in S. 745, a bill to provide for adjustments and annuities under the Foreign Service Retirement and Disability System, and picked up several of the amendments to the Civil Service Retirement Act which were made by P. L. 87-793, which was approved 11 October 1962. S. 745 has been passed by the Senate and hearings were started in the Foreign Affairs Committee, House of Representatives, on 9 March 1964. We have been advised also that the other appropriate amendments to the Civil Service Act not picked up in S. 745 will be picked up in various items of legislation planned for presentation to the Congress.
2. Draft proposed amendments to sections 204 and 221, H.R. 8427, together with a draft of a proposed Part J "Cost-of Living Adjustment of Annuities" are forwarded herewith. Although redraft of the sections themselves has not been accomplished, it would also be required that we amend sections 221(f) and 232(b) by striking out "50 per centum" and inserting in lieu thereof "55 per centum" to bring the provisions of H.R. 8427 in accord with the amendments to the Civil Service Act of 11 October 1962. There is also forwarded herewith for consideration a draft section "Adjustment of Annuities." Since further consideration of this section is required, it has not been given a section number within the framework of the present H.R. 8427.
3. During hearings by the Senate Armed Services Committee, it will be necessary to achieve appropriate amendment, or deletion of the Jones Amendment adopted on the floor of the House which requires approval by the chairman and ranking minority member of the House and Senate

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Committees on Armed Services, of Agency retirement rules and regulations prior to Agency implementation of such rules and regulations. The Bureau of the Budget has advised that this provision is wholly unacceptable to the Executive Branch and, if continued in the bill, may result in BOB recommendation for veto by the President.

4. In keeping with the caveat imposed by BOB when the retirement bill was cleared for presentation to the Congress, review of Agency rules and regulations for implementation of the Agency retirement system by BOB will be required prior to implementation, and no relief from this requirement is foreseen.

5. In keeping with the overage existing in many divisions, it may be desirable from your viewpoint to implement this legislation immediately upon passage. It is suggested that we meet with you and others of your staff as early as possible to review the foregoing amendment together with such others as you may desire to recommend, and to review the proposed implementing rules and regulations under development by your staff.



Legislative Counsel

Attachments: 4

- Tab A - SEC. 204 (b) (3)
- Tab B - SEC. 221 (b) & (e)
- Tab C - PART J
- Tab D - ADJUSTMENT OF ANNUITIES

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